Supreme Court, U.S.
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No. _____

IN THE
SUPREME COURT OF THE UNITED STATES

KARAVAN TRAILERS, INC.

Petitioner,

v.

MIDWEST INDUSTRIES, INC.

Respondent.

On Petition for Writ of Certiorari
To The United States Court of Appeals
for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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5688

QUESTIONS PRESENTED FOR REVIEW

This petition raises two important questions of federal law:

I. Does patent law preempt trade dress remedies under the Lanham Act and state law trademark and unfair competition remedies for a patent holder where the product configuration at issue is claimed in a utility patent.

II. Is the Federal Circuit Court of Appeals required to apply regional law to conflicts between the patent law and other legal rights.

PETITION FOR WRIT OF CERTIORARI

Karavan Trailers,Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

PARTIES TO PROCEEDING

The only parties to this proceeding are the petitioner, Karavan Trailers, Inc., and the respondent, Midwest Industries, Inc.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of this Court, petitioner states that it has no parent corporation and no nonwholly owned subsidiaries.

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OPINIONS BELOW

The opinion of the Court of Appeals (Pet. App. 1a-18a)[1] is reported at 175 F.3d 1356 and at 50 U.S.P.Q.2d 1672. The opinion of the District Court is not reported, but a copy is included in the attached appendix (Pet. App. 19a-30a).

JURISDICTION

The Court of Appeals rendered its judgment and opinion on May 5, 1999. On June 14, 1999, the court issued an order denying Karavan's timely petition for rehearing with suggestion for rehearing en banc (Pet. App. 31a-32a). This Court has jurisdiction under 28 U.S.C. §1254(1).

CONSTITUTIONAL PROVISION INVOLVED

Article I, section 8, clause 8 of the United States Constitution provides, in relevant part, that Congress shall have the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

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[1] References to Pet. App. are to the attached Appendix.

STATEMENT OF THE CASE

I. MATERIAL FACTS

On May 21, 1996, U.S. Patent 5,518,261 (the '261 utility patent) was issued to Byron L. Godbersen. Respondent Midwest Industries is apparently the exclusive licensee of the '261 utility patent. The '261 utility patent discloses and claims a personal watercraft trailer including a curved winch post, as shown in Figure 1:

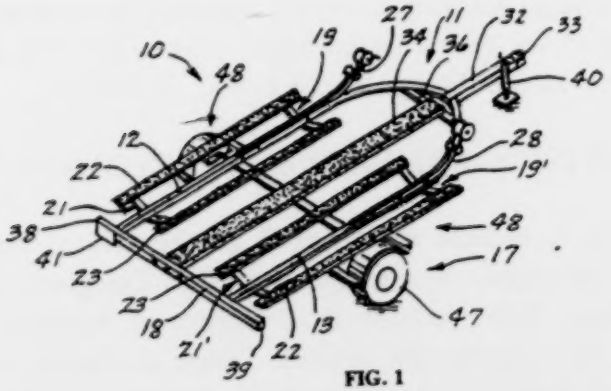

FIG. 1

A winch and bow stop are attached to the curved winch post. The winch is used to pull a watercraft (e.g., a jet ski) onto the trailer so that the bow of the watercraft rests against the bow stop on the curved winch post.

II. JURISDICTION IN THE DISTRICT COURT

Midwest filed a complaint against Karavan in the U.S. District Court for the Southern District of Iowa alleging

that Karavan was infringing design patents[2] issued prior to the '261 utility patent by manufacturing and selling a watercraft trailer with a curved winch post. Thereafter, with leave of court, Midwest filed a second amended complaint, adding a Lanham Act trade dress claim, and state law claims for trademark infringement and unfair competition. Jurisdiction of the District Court was based on 28 U.S.C. §1338.

III. PROCEEDINGS BELOW

A. District Court

Karavan moved to dismiss the Lanham Act trade dress claim and the state law trademark and unfair competition claims.. The District Court elected to treat Karavan's motion as a motion for partial summary judgment. Relying on *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), cert. denied, 116 S. Ct. 753, the District Court granted partial summary judgment in favor of Karavan on those claims on the ground that the curved winch post was a "significant inventive aspect" of the '261 utility patent and therefore such claims were preempted by federal patent law.

B. Court of Appeals for the Federal Circuit

Midwest appealed to the Court of Appeals for the Federal Circuit. The Federal Circuit reversed the District Court's grant of summary judgment. The Federal Circuit declined to follow *Vornado* and, instead, first determined, en banc, that it did not have to apply regional law to conflicts between the patent law and other legal rights and then proceeded to create its own law, which conflicts with

---

[2] Patent No. Des. 314,735 for a "Boat Trailer Fender" issued February 19, 1991, and Patent No. Des. 346,772 for a "Personal Watercraft Trailer" issued May 10, 1994. Utility Patent No. 5,518,261 for a "Personal Watercraft Trailer" was issued on May 21, 1996.

Vornado. The Federal Circuit held that patent law principles might preclude a patent holder from pursuing trademark and trade dress claims only if the particular structure claimed in the patent is functional.

ARGUMENT

I. DOES PATENT LAW PREEMPT TRADE DRESS REMEDIES UNDER THE LANHAM ACT AND STATE LAW TRADEMARK AND UNFAIR COMPETITION REMEDIES FOR A PATENT HOLDER WHERE THE PRODUCT CONFIGURATION AT ISSUE IS CLAIMED IN A UTILITY PATENT

A foundational precept of federal patent law is that the subject matter of a utility patent enters the public domain upon the expiration of the patent. As has been expressed by the Supreme Court, "[t]here passed to the public upon the expiration of the patent...the right to make the article as it was made during the patent period." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118, 39 USPQ 296 (1938). The *Kellogg* court based its conclusion on *Singer Manufacturing Co. v. June Mfg. Co.*, 163 U.S. 169 (1896). In 1964, the Supreme Court, citing *Kellogg* and *Singer*, reaffirmed this foundational precept by stating "when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public." *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 229, 140 USPQ 524, 527 (1964).

In *Application of Shenango Ceramics, Inc.*, 362 F.2d 287, 150 USPQ 115 (C.C.P.A. 1966), an applicant attempted to register a portion of an under-rim as a trademark for dishware. The rim included ribs that were claimed limitations of an expired utility patent. The Court affirmed a refusal to register:

> "In the absence of other valid patent claims, a feature that is the subject of a utility patent goes into the public domain when the patent expires. ...such a feature, being free to be

> used by any person, thus cannot be a trademark by which the goods of the applicant may be distinguished."

Shenango, 362 F.2d at 292, 150 USPQ at 119.

In making its determination in *Karavan*, the Federal Circuit brushed aside Supreme Court precedents holding that patent law preemption would apply, stating that "[t]hose cases, however, have not been read expansively" and that "[m]ore recently the Supreme Court itself has indicated that those cases do not have a broad preclusive effect on state and federal trade dress protections," citing the Supreme Court decision in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 9 USPQ2d 1847 (1989). (Midwest Industries, Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1363, Pet. App. 13a) In doing so, the Federal Circuit misapprehended the reasoning in *Bonito Boats* and failed to distinguish between (1) subject matter that has been patented in a utility patent and (2) subject matter that is potentially patentable, but has not been patented. As a result of failing to make this critical distinction in such subject matter, the Federal Circuit erroneously concluded that "[t]he [*Bonito Boats*] Court refused to draw a 'broad pre-emptive principle' from *Sears* and *Compco* [*Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 140 USPQ 528 (C.C.P.A. 1964)]" for all subject matter, whether patented or not. (Pet. App. 14a).

Bonito Boats did not involve subject matter that was patented or had been the subject matter of an expired utility patent. Instead, it involved subject matter that was only potentially patentable. In discussing the latter type of subject matter, the *Bonito Boats* Court acknowledged that certain types of state protection were not inconsistent with the operation of the federal patent laws, i.e. unfair competition and trade secret laws which have coexisted harmoniously with federal patent protection for almost two hundred years. *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853.

However, with respect to subject matter that is or has been patented the Court had a diametrically opposed view. In discussing subject matter that was actually patented, and not merely potentially patentable, the *Bonito Boats* decision fully reaffirmed the past decisions that "have made it clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws," 489 U.S. at 152, 9 USPQ2d at 1852, and recognized that:

> We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law. See *Coats v. Merrick Thread Co.*, 149 U.S. 562, 572, 13 S.Ct. 966, 969, 37 L.Ed. 847 (1893) ("[P]laintiffs' right to the use of the embossed periphery expired with their patent, and the public had the same right to make use of it as if it had never been patented"); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 [parallel citations omitted] (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 [parallel citations omitted] (1896). Where the public has paid the Congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent. "It is self evident that on the expiration of a patent the monopoly created by it ceases to exist and the right to make the thing formally covered by the patent becomes public property." *Singer*, supra, at 185.

489 U.S. at 152, 9 USPQ2d at 1852.

The Court further explained that with respect to subject matter included in a patent:

> As noted above, the federal standards for patentability, at a minimum, express the Congressional determination that patent-like protection is unwarranted as to certain classes of intellectual property. The States are simply not free in this regard to offer equivalent protection to ideas which Congress has determined should belong to all. For almost one hundred years it has been well established that in the case of an expired patent, the federal patent laws do create a federal right to "copy and to use."

489 U.S. at 165, 9 USPQ2d at 1857-58.

The Court then acknowledged that although the decisions in *Sears* and *Compco* extended much the same rule for patented subject matter to "potentially patentable ideas which are fully exposed to the public," the extrapolation of such a broad pre-emptive principle from *Sears* was inappropriate. 489 U.S. at 154, 9 USPQ2d at 1853. The Court concluded that with respect to potentially patentable subject matter, the federal patent laws do not necessarily preclude the states from offering limited protection which does not impermissibly interfere with the federal patent scheme. 489 U.S. at 165, 9 USPQ2d at 1858. Accordingly, the Federal Circuit was correct in concluding that the Supreme Court itself has indicated that its prior precedents did not have a broad preclusive effect on state or federal protection with respect to potentially patentable subject matter. But, the Federal Circuit was incorrect in applying the same reasoning to subject matter that was or had been the subject matter of a utility patent. The following text from

Bonito Boats fully explains the distinction this Court was making in its decision:

> Thus, while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all State regulation of potentially patentable but unpatented subject matter is not ipso facto pre-empted by the federal patent laws. (emphasis added)

489 U.S. at 154, 9 USPQ2d at 1853.

This misapprehension by the Federal Circuit was due to its failure to recognize that the *Bonito Boats* decision was dealing only with potentially patentable subject matter and not patented subject matter, and to its further failure to recognize the constitutional mandate that patented subject matter be treated differently than merely potentially patentable subject matter.

The Tenth Circuit followed Supreme Court precedents in *Vornado Air Ciculation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 35 USPQ2d 1332 (10th Cir. 1995). *Vornado* explained in careful detail the rationale and policies of the interplay between patent law and trademark law. The Tenth Circuit agreed that:

> where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, ...so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.

Vornado, 58 F.3d at 1510, 35 USPQ2d at 1342.

The Federal Circuit expressly rejected *Vornado*, concluding that the District Court's ruling that the curved winch post claimed in the '261 utility patent was a "significant inventive aspect" of the patent was "not a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection." (Pet. App. 16a). The Federal Circuit then proceeded to discuss functionality at great length and remanded the case to determine whether plaintiff's winch post design is functional, and whether plaintiff has satisfied the other requirements for protection under the Lanham Act and Iowa state trademark law. (Pet. App. 18a).

The implications of the Federal Circuit's decision are breathtaking. If allowed to stand, the only criterion for determining the availability of trademark/trade dress protection for a product is whether or not the product is functional, as that term is used in the context of trademark/trade dress law. The prior interplay between patent law and trademark/trade dress law would be rendered null and void. According to the Federal Circuit, a party will now be able not only to enjoy a patent on subject matters that are an element of a utility patent claim, but also - after expiration of the patent - assert trademark/trade dress rights over such subject matter forever. As a result, the public will no longer be able to copy without restriction the subject matter of an expired utility patent claim.

II. IS THE FEDERAL CIRCUIT COURT OF APPEALS REQUIRED TO APPLY REGIONAL LAW TO CONFLICTS BETWEEN PATENT LAW AND OTHER LEGAL RIGHTS

In arriving at the *Karavan* decision, the Federal Circuit has overruled its established practice of applying

regional circuit law in resolving questions involving the relationship between patent law and other federal or state law rights. By this action the Federal Circuit has created a serious and irresolvable conflict between its rulings on such questions and those that may be made by the remaining twelve Circuit Courts of Appeal and specifically the ruling of the District Court in this case which applied the law of the Tenth Circuit Court of Appeals in the decision of *Vornado Air Systems v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995).

In the *Vornado* decision, the plaintiff Vornado had been selling household electric fans with a spiral grill for several years when it obtained a patent in 1990. The patent claims included the spiral grill. In 1994, a reissue patent was granted, expanding the claims, including those that involved the spiral grill.

In 1990, Duracraft began selling a lowered price household fan with a spiral grill copied from Vornado's more expensive fans. In other respects, the Duracraft fan was dissimilar to the Vornado fan.

Vornado sued Duracraft for trade dress infringement, based on section 43(a) of the Lanham Act, 15 U.S.C §1125(a). The trial court found that the spiral grill was "nonfunctional," and therefore it could be protected as trade dress under the Lanham Act, even though it was claimed in a utility patent. The trial court enjoined Duracraft from selling its spiral grill fan.

The 10th Circuit Court of Appeals reversed. The court first took note of the generally accepted definition of "functionality," with respect to configurations in a patent:

> If competitors need to be able to use a particular configuration in order to make an

> equally competitive product, it is functional, but if they do not, it may be nonfunctional.

58 F.3d at 1507.

However, the court then rejected the concept of basing a patent holder's right to Lanham Act relief on whether the particular configuration is functional or nonfunctional. Instead, the court held that Lanham Act relief is not available if the product configuration is part of a claim in a utility patent and it is a "significant inventive aspect" of the patent.

> We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, *see* 35 U.S.C. § 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.
>
> In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.

58 F.3d at 1510.

The underlying rationale in *Vornado* was that the extension of trade dress protection to a configuration that is a significant inventive aspect of a patent would "interfere with the public's ability to practice patented inventions after the patents have expired." 58 F.3d at 1508.

In *Karavan*, the case out of which this petition arises, the District Court followed *Vornado* and held that patent law preempts a patentholder's trade dress claim based on the Lanham Act as well as state law trademark and unfair competition claims with respect to a competitor's use of a particular configuration if the configuration is claimed in a utility patent and it is a "significant inventive element" of the patented invention. The Federal Circuit reversed the trial court's grant of summary judgment against plaintiff Midwest on the Lanham Act trade dress claim and on the state law trademark and unfair competition claims holding that it is not required to apply regional circuit law in making its decision. The court then proceeded to stake out a position which, in its own words, directly conflicts with *Vornado*:

> The district court's ruling on Midwest's Lanham Act claim was not premised on a finding of functionality, but on the court's conclusion, based on the Tenth Circuit's *Vornado* decision, that the curved winch post claimed in the '261 patent was a "significant inventive aspect" of the patent. As we view the interaction between patent law and the Lanham Act, that is not a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection.

175 F.3d at 1364 (Pet. App. 15a-16a).

The Federal Circuit remanded the case to the District Court with instructions to "conduct an inquiry into functionality in order to determine whether Midwest's curved winch post is entitled to protection as trade dress under section 43(a) of the Lanham Act.

The Federal Circuit went on to state that even if the curved winch post is found to be functional, Midwest might still be entitled to trade dress protection if the design of the curved winch post:

> . . . is sufficiently distinctive to serve as a designation of source and if the protection of that particular design does not result in a meaningful restriction on Karavan's ability to compete in the market, either before or after the expiration of the '261 patent, then Midwest's state law claims, as well as its Lanham Act claim, would not be barred by any overriding federal policy.

175 F. 3d at 1365 (Pet. App. 18a).

Thus, the Federal Circuit's decision means that the fact that Plaintiff's '261 utility patent discloses and claims a curved winch post does not necessarily preclude Plaintiff from also asserting trade dress rights in the curved winch post of its '261 utility patent. Such result that undermines one of the principal purposes for the creation of the Federal Circuit: to promote uniformity in the law with regard to subject matter within its exclusive appellate jurisdiction.

As the Federal Circuit itself has recognized, its decision in this case presents the risk that:

> [D]istrict courts and litigants will be forced to select from two competing lines of authority based on which circuit may have sufficient jurisdiction over an appeal that may ultimately be taken....

175 F.3d at 1359 (Pet. App. 5a).

Additionally as expressly pointed out by the court, such decision also presents the risk that litigants will in the future again become involved in forum-shopping by their selection of claims to find a circuit court that will apply the Federal Circuit law or its own regional law as the case best fits their needs. Accordingly, rather than promoting uniformity in the law, the court's decision now encourages conflicts between the Circuit Courts of Appeal and the Federal Circuit.

The *Karavan* decision also represents a dramatic departure from traditional choice of law rules. The Federal Circuit announced that henceforth it would create its own law on substantive, non-patent issues, rather than look to the law of the geographical circuit. In other words, if a case is or may be appealable to the Federal Circuit, a District Court must ignore the precedent in its own circuit on substantive, non-patent issues, and instead apply the substantive law, if any, of the Federal Circuit. This is certainly at odds with traditional notions of choice of law. The Federal Circuit's decision in *Bandag, Inc. v. Al Bolsters Tire Stores*, 750 F.2d 903 (Fed. Cir. 1984) applied the correct choice of law rule in this setting.

> As to nonpatent matters, over which 28 U.S.C. § 1295(a)(1) does not afford this court exclusive subject matter jurisdiction, a significant choice of law question inherently arises. No mandate to unify intercircuit conflicts regarding these matters was given to this court by Congress in its passage of our enabling legislation, the Federal Courts Improvement Act of 1982, Pub.L. No. 97-164, 96 Stat. 25.
>
> Accordingly, we deem it appropriate here to decide nonpatent matters in the light of the problems faced by the district court from which each count originated, including the law

> there applicable. In this manner, we desire to avoid exacerbating the problem of intercircuit conflicts in nonpatent areas. A district court judge should not be expected to look over his shoulder to the law in this circuit, save as to those claims over which our subject matter jurisdiction is exclusive.

750 F.2d at 909.

CONCLUSION

This conflict of Circuit Court holdings should be resolved by this Court because:

- Carried to its logical conclusion, the Federal Circuit rule has the potential for extending a patent holder's right of exclusivity indefinitely.

- The decision of the Federal Circuit invites further conflicts as other circuits decide which approach to adopt;

- Unless this conflict is resolved, manufacturers will be unable to discern when and where (in the jurisdictional sense) it is safe to practice an expired or invalid patent or copy a patentable (but not patented) design;

- A national issue (the patent system) is at stake.

Respectfully submitted,

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APPENDIX

United States Court of Appeals for the Federal Circuit

98-1435

MIDWEST INDUSTRIES, INC.,

Plaintiff-Appellant,

v.

KARAVAN TRAILERS, INC.,

Defendant-Appellee.

DECIDED: May 5, 1999

Before SCHALL, Circuit Judge, SMITH, Senior Circuit Judge, and BRYSON, Circuit Judge.

MAYER, Chief Judge, RICH, Circuit Judge, SMITH, Senior Circuit Judge, NEWMAN, MICHEL, PLAGER, LOURIE, CLEVENGER, RADER, SCHALL, BRYSON, and GAJARSA, Circuit Judges, have joined Part II-A of this opinion.

BRYSON, Circuit Judge.

Midwest Industries, Inc., appeals from the district court's order granting summary judgment to Karavan Trailers, Inc., on Midwest's state and federal trademark claims. The district court dismissed Midwest's claims, holding that they are barred by federal patent law. We hold that we will apply Federal Circuit law in determining

whether patent law conflicts with other federal statutes or preempts state law causes of action. In so holding, the court overrules, en banc, those decisions in which we have held that regional circuit law governs in resolving such issues. On the merits, we hold that the record does not support the district court's order of summary judgment foreclosing Midwest from asserting its nonpatent claims. We therefore reverse the partial summary judgment in Karavan's favor and remand the case for further proceedings.

I

Midwest and Karavan manufacture and sell trailers for hauling watercraft behind automobiles. As is typically true of watercraft trailers, a winch mounted on a winch post at the front of each trailer serves to draw the watercraft onto the trailer and secure it in the correct position for traveling.

Midwest brought suit against Karavan in the United States District Court for the Southern District of Iowa, contending that Karavan's use of curved winch posts in certain of its watercraft trailers infringed two Midwest design patents and violated Midwest's rights under federal and state trademark law. In the nonpatent counts, Midwest alleged that Karavan committed trade dress infringement by copying its curved winch post design, in violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and the Iowa trademark statute, Iowa Code §548. Midwest also alleged that Karavan's conduct violated Midwest's rights under the Iowa common law of trademarks.

Midwest is the exclusive licensee of U.S. Patent No. 5, 518,261 (the '261 patent), which discloses a curved winch post as part of a trailer. In claim 10, one of the dependent claims, the '261 patent recites, as a limitation, a winch post that "curve[s] forwardly and upwardly." Midwest has not alleged that any of Karavan's trailers infringe the '261 patent.

In the district court, Karavan files a motion under Fed. R. Civ. P. 12(b)(6) to dismiss Midwest's nonpatent claims. Karavan argued that the nonpatent claims failed to state a claim on which relief could be granted because the '261 patent discloses and claims a curved winch post, and that it would improperly extend Midwest's patent rights to provide additional state and federal protection for the curved winch post design. The district court granted the motion, citing as its principle authority the Tenth Circuit's decision in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 35 USPQ2d 1332 (10th Cir. 1995).

In the *Vornado* case, the Tenth Circuit refused to accord trade dress protection under section 43(a) of the Lanham Act to a fan having a grill with spiral vanes. The court based its ruling on the fact that the plaintiff held a utility patent that claimed a fan with multiple features, including a spiral grill. To offer trade dress protection to a product configuration that embodies "significant features of patented products," the court said, would interfere with "the public's ability to practice patented inventions after the patents have expired." *Id.* at 1508, 35 USPQ2d at 1340. Accordingly, the court held that a product configuration may not be accorded protection under the Lanham Act when the configuration is a "described, significant inventive component" of an issued utility patent. *Id.* at 1510, 35 USPQ2d at 1342.

The district court did not address the question whether the curved winch post is "functional," as that term is used in trademark law. Instead, the court concluded that because the curved winch post is disclosed in the '261 patent and claimed in one of the dependent claims of that patent, it is "a significant inventive aspect" of the patent. For that reason, the district court concluded that Midwest was not entitled to Lanham Act protection for its trade dress. The court then concluded that Midwest's state law claims

conflicted with patent policy for the same reasons. The court therefore held that those claims were preempted by federal patent law and had to be dismissed.

On Midwest's motion for reconsideration, the court vacated its order of dismissal. The court held that because Karavan's dismissal motion relied on material outside the pleadings, dismissal was inappropriate. The court, however, exercised its authority to convert Karavan's motion into a motion for summary judgment and granted summary judgment on the same grounds on which it had based its dismissal order. The court then entered final judgment on the nonpatent counts pursuant to Fed. R. Civ. P. 54(b) and Midwest took this appeal.

II

A

In *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1029, 1033, 226 USPQ 881, 890, 892-93 (Fed. Cir. 1985), we held that when called upon to determine whether patent law preempts particular state law causes of action or conflicts with rights created by other federal laws, we would apply the law of the circuit from which the case comes to us. We reiterated that holding in subsequent cases involving claims that patent law preempted particular state law claims. *See Interpart Corp. v. Italia*, 777 F.2d 678, 684 228 USPQ 124, 128 (Fed. Cir. 1985); *Hunter Douglas, Inc. v Harmonic Design, Inc.*, 153 F.3d 1318, 1333, 47 USPQ2d 1769, 1780 (Fed. Cir. 1998), *cert. denied*, 199 S.Ct. 103 (1999). Our consideration of this case, however, has led us to conclude that we should abandon our practice of applying regional circuit law in resolving questions involving the relationship between patent law and other federal and state law rights. Henceforth, we will apply our own law to such questions. To the extent that *Cable Electric Products, Inc. v. Genmark, Inc.*, *Interpart Corp. v. Italia*, and *Hunter*

Douglas, Inc. v. Harmonic Design, Inc. hold that we are required to apply regional circuit law to conflicts between patent law and other legal rights, we therefore overrule those decisions.*

In reviewing district court judgments in patent cases, we apply our own law with respect to patent law issues, but with respect to nonpatent issues we generally apply the law of the circuit in which the district court sits. *See Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1440, 223 USPQ 1074, 1087 (Fed. Cir. 1984) (in banc). We apply Federal Circuit law to patent issues in order to serve one of the principal purposes for the creation of this court: to promote uniformity in the law with regard to subject matter within our exclusive appellate jurisdiction. *See* S. Rep. No. 97-275, at 5 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11, 15. When we apply regional circuit law to nonpatent issues, we do so in order to avoid the risk that district courts and litigants will be forced to select from two competing lines of authority based on which circuit may have jurisdiction over an appeal that may ultimately be taken, and to minimize the incentive for forum-shopping by parties who are in a position to determine, by their selection of claims, the court to which an appeal will go. *See Atari*, 747 F.2d at 1439, 224 USPQ at 1087.

Distinguishing between "patent issues" and "nonpatent issues" has clarified the choice of law question for most purposes, but in some instances it has not been obvious whether a particular issue should be characterized as a "patent" issue or not. We have held that a procedural issue that is not itself a substantive patent law issue is nonetheless

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* Because a panel of this court lacks the authority to overrule one of the court's precedents, we are acting en banc with respect to the resolution of the choice of law issue. Accordingly, Chief Judge Mayer, Circuit Judge Rich, Senior Circuit Judge Smith, and Circuit Judges Newman, Michel, Plager, Lourie, Clevenger, Rader, Schall, Bryson, and Gajarsa join in Part II-A of this opinion, which resolves the choice of law issue.

governed by Federal Circuit law if the issue "pertain[s] to patent law," *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574-75, 223 USPQ 465, 471 (Fed. Cir. 1984), if it "bears an essential relationship to matters committed to our exclusive control by statute," *Biodex Corp. v. Loredan Biomedical, Inc.*, 946 F.2d 850, 858-59, 20 USPQ2d 1252, 1259 (Fed. Cir. 1991), or if it "clearly implicates the jurisprudential responsibilities of this court in a field within its exclusive jurisdiction," *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212, 2 USPQ2d 2015, 2018 (Fed. Cir. 1987).

Applying those standards, we have held that Federal Circuit law applies to questions such as whether the district court has personal jurisdiction over the defendant in a patent suit, *see Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564, 30 USPQ2d 1001, 1006 (Fed. Cir. 1994); whether the plaintiff has established its right to a preliminary injunction in a patent case, *see Hybritech Inc. v. Abbott Lab.*, 849 F.2d 1446, 1451 n.12, 7 USPQ2d 1191, 1195 n.12 (Fed. Cir. 1988); whether there is a sufficient controversy between the parties to permit an accused infringer to bring an action seeking a declaratory judgment of patent noninfringement or invalidity, *see Goodyear Tire & Rubber Co. v. Releasomers, Inc.*, 824 F.2d 953, 954-55 n.3, 3 USPQ2d 1310, 1311 n.3 (Fed. Cir. 1987); whether a patentee is entitled to have the issue of inequitable conduct tried in the jury trial that the patentee has demanded on the issue of infringement, *see Gardco Mfg., Inc.*, 820 F. 2d at 1212, 2 USPQ2d at 2019; and whether particular materials are relevant for purposes of discovery in a patent case under Fed. R. Civ. P. 26, *see Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1212, 2 UPSQ2d[sic] 1034, 1038 (Fed. Cir. 1987). We have thus applied our law beyond the limits of substantive patent law and into areas in which the disposition of nonpatent-law issues is affected by the special circumstances of the patent law setting in which those issues arise.

Two cases that illustrate this court's recent approach to such "mixed" questions of patent and nonpatent law are *Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568, 37 USPQ2d 1626 (Fed. Cir. 1996), and *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 46 USPQ2d 1097 (Fed. Cir.), *cert. denied*, 119 S.Ct. 178 (1998). In the *Pro-Mold* case, the defendant argued that the plaintiff engaged in unfair competition by filing a complaint for patent infringement while knowing that its patent was unenforceable. Although we do not have exclusive jurisdiction over unfair competition claims, we nonetheless held that Federal Circuit law applies to the question whether inequitable conduct in the prosecution of a patent constitutes unfair competition. *See* 75 F.3d at 1574, 37 USPQ2d at 1631. By applying our law to the question whether patent law creates the exclusive remedy for a claim of inequitable conduct in procuring a patent, we held that our law applies to a cause of action over which we do not have exclusive jurisdiction if the question before us is whether that cause of action, as applied in a particular case, is foreclosed by patent law. Articulated in that fashion, the rationale of the *Pro-Mold* case would support applying Federal Circuit law to the analogous question whether patent law forecloses Midwest's claims under federal and state trademark law.

Similarly, in the *Nobelpharma* case, this court held, en banc, that the question whether particular conduct by a patentee exposes the patentee to suit under the antitrust laws would be decided under this court's precedents, because the court regarded the question as one that "clearly involves our exclusive jurisdiction over patent cases." *Nobelpharma*, 141 F.3d at 1067-68, 46 USPQ2d at 1103-04. The court so ruled even though the issue required the court to decide the scope of antitrust liability, a matter not within our exclusive jurisdiction. Again, the parallel with this case is a close one. In both *Nobelpharma* and this case, this court was required to address a nonpatent claim and to decide whether that

claim was barred by principles of patent law. In *Nobelpharma*, the court concluded that our responsibilities for developing consistent rules in the field of patent law required that we apply our law to the question whether patent law forecloses another cause of action and, if so, under what circumstances. The same principle would appear to require us to apply our own law in this case, which calls upon us to decide whether any principle of patent law bars Midwest from pursuing its federal or state trademark claims.

From an analysis of these recent precedents, we conclude that the rigid division between substantive patent law issues and all other substantive and procedural issues, which was the basis for the court's choice-of-law ruling in the *Cable Electric* case, no longer represents this court's approach to choice-of-law questions in patent cases. Rather, cases such as *Pro-Mold* and *Nobelpharma* make clear that our responsibility as the tribunal having sole appellate responsibility for the development of patent law requires that we do more than simply apply our law to questions of substantive patent law. In order to fulfill our obligation of promoting uniformity in the field of patent law, it is equally important to apply our construction of patent law to the questions whether and to what extent patent law preempts or conflicts with other causes of action. Otherwise, we will be forced into the awkward posture of holding that, with respect to cases coming to us from district courts in some circuits, patent law forecloses certain other causes of action, but with respect to cases coming to us from district courts in other circuits, it does not. We hold that our responsibility to decide what patent law permits and prohibits requires that we apply our own law to such cases. We will therefore apply our own law to the question in this case—whether principles of patent law foreclose Midwest's claims under section 43(a) of the Lanham Act and under Iowa state trademark law.

We recognize, of course, that questions involving conflicts between patent law and other causes of action can

and do arise in cases over which this court does not have appellate jurisdiction—cases in which claims under the Lanham Act or state law claims are not joined with a claim under the Patent Act. As a result, there is a risk that district courts and litigators could find themselves confronting two differing lines of authority when faced with conflicts between patent law and state or federal trademark claims. Nonetheless, as in the *Pro-Mold* and *Nobelpharma* cases where the same risk was present, we think that as the sole appellate exponent of patent law principles this court should play a leading role in fashioning the rules specifying what patent law does and does not foreclose by way of other legal remedies. If we simply follow regional circuit law in deciding questions involving the interaction between patent law principles and other legal remedies, other courts will not have the benefit of our analysis of the substance and scope of patent law in such cases. Such abdication, we think, would in the end disserve the interest in attaining coherence and consistency in the law relating to patents.

B

Having concluded that we should apply our own law to the conflict and preemption questions presented in this case, we now address, as a panel, the question whether the district court's summary judgment on the nonpatent counts of Midwest's complaint is inconsistent with the applicable principles of law as we see them.

As a matter of Federal Circuit law we hold that the district court erred in ruling, on summary judgment, that patent law principles foreclose Midwest's Lanham Act and state law claims.

1

This court and its predecessor, the Court of Customs and Patent Appeals, have had several occasions to address the interaction between patent law principles and trade dress protection. While recognizing that trade dress protection can serve important ends by facilitating customers' recognition of products and protecting producers' goodwill, the Court of Customs and Patent Appeals cautioned that exclusive rights in trade dress, if granted too freely, would conflict with the policy in favor of encouraging "competition by all fair means," which "encompasses the right to copy, very broadly interpreted, except where copying is lawfully prevented by a copyright or patent." *In re Deister Concentrator Co.*, 289 F. 2d 496, 501, 129 USPQ 314, 319 (CCPA 1961).

To guard against such anti-competitive effects, the Court of Customs and Patent Appeals invoked the doctrine of "functionality" to limit the scope of trade dress protection. The court held that a seller of goods could not obtain trademark protection for a trade dress or product configuration that was primarily utilitarian, or "functional." The court then defined as "functional" any feature that possessed such utility that its protection would hinder competition. *See In re Penthouse Int'l Ltd.*, 565 F.2d 679, 682, 195 USPQ 698, 700-01 (CCPA 1977)(functionality is addressed to whether protection of a design would "hinder competition"); *In re Mogen David Wine Corp.*, 328 F.2d 925, 933, 140 USPQ 575, 581 (CCPA 1964) (Rich, J., concurring)("Whether competition would in fact be hindered is really the crux of the matter."); *see also Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1530-31, 32 USPQ2d 1120, 1122 (Fed. Cir. 1994) ("the policies underlying the functional limitation on trademark protection explicitly

invoke an inquiry into competitive fairness"); *New England Butt Co. v. International Trade Comm'n*, 756 F.2d 874, 879, 225 USPQ 260, 263 (Fed. Cir. 1985) ("functionality is to be determined in light of the competitive necessity to copy").

In *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159, 34 USPQ2d 1161 (1995), the Supreme Court adopted the same approach, explaining the role of the "functionality" doctrine as follows:

> The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time...after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).

514 U.S. at 164-65, 34 USPQ2d at 1163. The Court then defined a product feature as "functional" if it is "essential to the use or purpose of the article or if it affects the cost or quality of the article," *Qualitex Co.*, 514 U.S. at 165, 34 USPQ2d at 1163-64 (quoting *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 850 n.10, 214 USPQ 1, 4 n.10 (1982)), that is, "if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage," *Qualitex*, 514 U.S. at 165, 34 USPQ2d at 1164.

In defining the scope of trade dress rights, this court and its predecessor have repeatedly held that the availability of trade dress protection does not depend on whether a patent has been obtained for the product or feature in question. In *In re Mogen David Wine Corp.*, 328 F.2d 925, 930, 140 USPQ 575, 579 (CCPA 1964), the Court of Customs and Patent Appeals explained that trademark rights, or rights under the law of unfair competition, "do not 'extend' the patent monopoly." Rather,

> [t]hey exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law.

This court expanded upon that theme in *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d at 1031, 226 USPQ at 891, where the court explained that in resolving the question of product design functionality for purposes of the Lanham Act, "reference to utility patent claims that are, or have been, asserted to read on either product, or to the appearance of the device depicted in figures included in the patent specification supporting such claims, must be done with caution."

To be sure, statements in a patent may provide evidence that the asserted trade dress is functional, and thus not entitled to legal protection. *See In re Bose Corp.*, 772 F.2d 866, 872, 227 USPQ 1, 6 (Fed. Cir. 1985); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41, 213 USPQ 9, 15-16 (CCPA 1982); *In re Honeywell, Inc.*, 497 F.2d 1344, 1348, 181 USPQ 821, 824 (CCPA 1974). But the fact that a patent has been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter. As the Court of Customs and Patent Appeals put the matter in the seminal *Deister* case, "we are not seriously concerned with whether he who claims trademark rights of unlimited duration now has or did have patent protection, or what that protection was." 289 F.2d at 501, 129 USPQ at 319.

3

In several older decisions, the Supreme Court used broad language suggesting that trademark rights could not be obtained in product features that had been disclosed in a patent. *See Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-22, 39 USPQ 296, 299-301 (1938); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256, 67 USPQ 193 (1945); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 140 USPQ 524 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 140 USPQ 528 (1964). Those cases, however, have not been read expansively. The Court of Customs and Patent Appeals construed that line of cases as limited to the proposition that trademark rights cannot be obtained in functional features of products that had been disclosed in patents. *See In re Honeywell, Inc.*, 497 F.2d 1344, 1348-49, 181 USPQ 821, 824-25 (CCPA 1974). More recently, the Supreme Court itself has indicated that those cases do not have a broad preclusive effect on state and federal trade dress protections.

In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 9 USPQ2d 1847 (1989), the Court held that a state may not create patent-like rights that would bar the copying of design and utilitarian ideas embodied in unpatented products. The Court emphasized, however, that it did not mean to foreclose traditional rights such as protections for trade dress provided by state and federal law. Addressing the *Sears* and the *Compco* cases, the Court noted that those cases "could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter." *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853. The Court refused, however, to draw such a "broad pre-emptive principle" from *Sears* and *Compco*. Instead, the Court pointed to the statement in *Sears* that "the States 'may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading customers as to the source of goods.'" *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853 (quoting *Sears*, 376 U.S. at 232, 140 USPQ at 528). Based on that statement by the *Sears* Court and language in intervening Supreme Court decisions, the *Bonito Boats* Court explained that "while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* preempted by the federal patent laws." *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853. What *Sears* and *Compco* stand for, the Court concluded, is that "the States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law." *Id.* at 156, 9 USPQ2d at 1854.

Trade dress protections do not impermissibly interfere with the federal patent scheme, the Court explained, as they have traditionally been "limited to protection against

copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source." 489 U.S. at 158, 9 USPQ2d at 1858; *see also, id.* at 165, 9 USPQ2d at 1858. The Court cited the Lanham Act as an indication that Congress regards protections against unfair competition as consistent with patent principles, and it added that "application" of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard." Id. at 166, 9 USPQ2d at 1858.

Other courts of appeals, both before and after *Bonito Boats*, have followed the lead of the Court of Customs and Patent Appeals in holding that a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is, or has been, the subject of a patent. *See Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 548 549 n.16, 48 USPQ2d 1065, 1080-81, 1081 n.16 (5th Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287-89, 46 USPQ2d 1026, 1032-33 (7th Cir. 1998); *Ferrari S.P.A. Esercizio Fabriche Automobili e Corse v. Roberts*, 944 F.2d 1235, 1241, 20 USPQ2d 1001, 1006-07 (6th Cir. 1991); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81, 216 USPQ 102, 105 (3d Cir. 1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203, 203[sic], 203 USPQ 161 163-64 (2d Cir. 1979); *Truck Equip. Servs. Co. v. Freuhauf Corp.*, 536 F.2d 1210, 1214-15, 191 USPQ 79, 82-83 (8th Cir. 1976); *see also Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 806-7, 183 USPQ 5, 8-9 (9th Cir. 1974). The Tenth Circuit stands alone in holding to the contrary, ruling that trade dress protection is unavailable for a product configuration that is claimed in a patent and is a "described, significant inventive aspect" of the patented invention, even if the configuration is nonfunctional. *See Vornado*, 58 F.3d at 1510, 35 USPQ2d at 1342.

4

The district court's ruling on Midwest's Lanham Act claim was not premised on a finding of functionality, but on the court's conclusion, based on the Tenth Circuit's *Vornado* decision, that the curved winch post claimed in the '261 patent was a "significant inventive aspect" of the patent. As we view the interaction between patent law and the Lanham Act, that is not a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection.

Because a winch post that is "curved forwardly and upwardly" is a limitation of claim 10 of the '261 patent, the curved winch post that Midwest claims as its trade dress might be regarded as a "significant inventive aspect" of the patent. But that is not to say that the curved winch post is "functional," *i.e.*, that Midwest's right to exclude others from using that feature "would put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165, 34 USPQ2d at 1164. In light of the Supreme Court's decision in *Bonito Boats* and this court's precedents regarding the relationship between the Lanham Act and patent law principles, the district court must conduct an inquiry into functionality in order to determine whether Midwest's curved winch post is entitled to protection as trade dress under section 43(a) of the Lanham Act.

5

Similar analysis requires us to reverse the district court's order granting summary judgment against Midwest on its state law claims. As in the case of the Lanham Act claim, the district court granted summary judgment on Midwest's state law claims based on the *Vornado* case and without addressing the issue of functionality. The fact that a curved winch post was disclosed and claimed in the '261

patent is not a sufficient basis for granting judgment against Midwest on the state law claims.

Under Iowa's trademark statute, the use of a registered mark with goods or services is actionable only if "such use is likely to cause confusion or mistake, or to deceive as to the source of origin of such goods or services." Iowa Code § 548.112. *See Sargent & Co. v. Welco Feed Mfg. Co.*, 195 F.2d 929, 934, 93 USPQ 144, 148 (8th Cir. 1952). The Iowa common law of trademarks has likewise long required proof of passing off or consumer confusion. *See Shaver v. Shaver and Another*, 54 Iowa 208, 6 N.W. 188, 189 (1880). Accordingly, our holding that patent law and the Lanham Act erect distinct protections that can be separately enforced applies to Midwest's state claims as well. In particular, the Supreme Court's discussion in *Bonito Boats* of state law regulation directed at consumer confusion applies directly to the Iowa law claims at issue. We therefore conclude that Midwest may be entitled to state law trade dress protection for its curved winch post, and that the district court improperly granted summary judgment on Midwest's state law claims.

That is not to say that patent law principles have no preemptive effect on state law claims simply because those claims are for trade dress protection. If, under the rubric of "trade dress" protection, state law should purport to give Midwest the right to exclude others from using a feature that confers a significant non-reputation-related market advantage over its competitors, the state law cause of action would conflict with federal patent law principles and be preempted. *See Bonito Boats*, 489 U.S. at 167, 9 USPQ2d at 1858-59, *Elmer v. ICC Fabricating, Inc.*, 67 F. 3d 1571, 1580, 36 USPQ2d 1417, 1423 (Fed. Cir. 1995). The central question, as under the Lanham Act, is whether the feature for which trade dress protection is asserted is functional.

Even if curved winch posts are found to be a functional feature in the trailers claimed in the '261 patent, Midwest may still be entitled to claim trade dress protection in its particular design. Midwest contends that it is not seeking protection for all curved winch posts, but only for the particular curved winch post design that it uses as its trade dress. If that particular design is sufficiently distinctive to serve as a designation of source and if the protection of that particular design does not result in a meaningful restriction on Karavan's ability to compete in the market, either before or after the expiration of the '261 patent, then Midwest's state law claims, as well as the Lanham Act claim, would not be barred by any overriding federal policy.

In sum, the fact that Midwest's patent discloses and claims a trailer having a curved winch post does not necessarily mean that Midwest cannot assert trade dress rights in the particular curved winch post design that it uses in its trailers. In order to determine whether Midwest enjoys trade dress rights, the district court must determine whether Midwest's winch post design is functional, and whether Midwest has satisfied the other requirements for protection under the Lanham Act and Iowa state trademark law.

REVERSED AND REMANDED.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

MIDWEST INDUSTRIES, INC.	*	
	*	
Plaintiff,	*	Civ. No. 4-97-
	*	CV-90175
	*	
v.	*	MEMORANDUM
	*	OPINION AND
KARAVAN TRAILERS, INC.	*	ORDER ON
	*	DEFENDANT'S
Defendant.	*	MOTION FOR
	*	PARTIAL
	*	SUMMARY
	*	JUDGMENT
	*	

MEMORANDUM AND ORDER

Defendant moves to dismiss four of six counts for failure to state a claim upon which relief may be granted. The court determines that defendant's motion is more properly considered a motion for partial summary judgment. The court finds the four counts are barred by federal patent law and, therefore, grants defendant's motion in full.

BACKGROUND

On May 21, 1996, a utility patent was issued to Byron L. Godbersen (patent number 5,518,261). This utility patent covered Mr. Godbersen's invention entitled "PERSONAL WATERCRAFT TRAILER." Plaintiff, Midwest Industries, Inc. (Midwest), is apparently the

exclusive manufacturer of these trailers under license from Mr. Godbersen.

On March 19, 1997, Midwest filed a complaint in this court against Karavan Trailers, Inc. (Karavan). The complaint initially alleged two counts of patent infringement under 35 U.S.C. § 283(1996).

On August 5, 1997, Midwest was given leave to amend its complaint. The complaint was again amended on September 15, 1997, with leave of the court, but only to correct certain clerical errors. The August 5, complaint contained four new allegations that were in addition to those of the March 19 complaint. The four additional allegations are the subject of Karavan's motion to dismiss and are as follows: (count three) violation of trade dress protections under § 43(a) of the Lanham Act, 15 U.S.C. §1125(a); (counts four and five) violation of trademark rights under Iowa Code chapter 548; and (count six) violation of Iowa common law rights to trademark.

On September 24, 1997, Karavan filed a motion to dismiss counts three through six. Karavan and Midwest attached copies of the patent at issue to their respective briefs. The court notes the following excerpts of the attached patent:

PERSONAL WATERCRAFT TRAILER

ABSTRACT

A boat trailer having a wheel and axle supported frame including a pair of parallel, longitudinally extended frame portions interconnected at their rear ends, and with a longitudinally spaced pair of V-shaped bracket units mounted on each frame portion, each pair of bracket units supporting a pair of elongated, laterally spaced, parallel pair of bunks, each pair of bunks for supporting a single personal

watercraft, *and with an arcuate element secured to and extended forwardly from each frame portion and supporting at a forward end a winch unit.*

...

BACKGROUND ART

Although the advent in the pleasure boat field of personal ski boats and the like brought a plethora of streamlined and stylish ski boats to satisfy those of all persuasions as to boat styles and sizes, the trailers for supporting and transporting this new personal phenomenon of the boating industry remained of the work horse type. Thus the contemporary trailers comprised a generally box-type frame with cross members supported by conventional brackets, either bunk or roller units, and *with one or more vertically upright posts on the tongue or interior frame members for supporting winches.* Although these ski boat trailers were functional, they were certainly susceptible to structural and design improvements to bring them at least even with the innovations of that which they carried, the personal watercraft.

DISCLOSURE OF THE INVENTION

The improved trailer includes a frame unit having portions extended parallel to each other, a wheel and axle unit for supporting the frame unit, a cross member secured to and extended between the frame rear portions, a pair of V-shaped bracket units secured in longitudinally aligned, spaced relation on each frame portion, and a pair of transversely spaced elongated bunks for supporting a personal watercraft mounted in parallel relation on the bracket units. *The improved trailer is enhanced by the provision of an elongated, arcuately curved element secured at one end to each frame portion, and having a bow stop and wing unit mounted on the other free end of the element.*

It is an object of this invention to provide an improved trailer for supporting either a single or a pair of personal watercraft.

Yet another object of the invention is to provide a trailer for supporting either a single or a pair of personal watercraft wherein the need for an intermediate cross member or intermediate longitudinal frame members is obviated.

Still another object for this invention is to provide a single or twin personal watercraft boat trailer having a simple, structurally sound design which is economical and effective to use.

BEST MODE FOR CARRYING OUT THE INVENTION

The optional winch post assemblies are identical, each comprising an elongated element, a winch device and a bow stop. The element has one end substantially straight for mounting longitudinally with and on top of a forward part of each frame portion, as by a pair of U-bolt fasteners, and with an integral free end *curved upwardly in an arcuate manner* as best illustrated in FIG. 3. A rubberized or like bumper is affixed to the rear portion of the end for safety purposes.

I claim:

...

5. A personal watercraft trailer comprising:

...

an elongated element having one end secured to each frame member portion, and having

> further free end disposed forwardly of said one end relative to said frame member, said element disposed in longitudinal alignment with said frame member portion to which it is secured; and
>
> a bow stop mounted on said element free end for abutment with the bow end of a boat supported on each pair of hull engaging members.
>
> ...
>
> 10. The personal watercraft trailer of claim 7 [referring to claim 6 and, in turn, claim 5], with each said elongated element said one end substantially straight for mating engagement with a contiguous frame member portion, and with said free end *curved forwardly and upwardly* away from said one end, said element disposed normally in a vertical plane.

(Emphasis added.)

On December 11, 1997, a hearing was held regarding Karavan's motion to dismiss. This matter is now before the court for decision.

DISCUSSION

Karavan moves to dismiss counts III through VI of Midwest's complaint for failure to state a claim upon which relief can be granted. Fed. R. Civ. P. 12(b)(6). Unlike a summary judgment motion, which is decided on the basis of a factual record, a Rule 12(b)(6) motion to dismiss for failure to state a claim requires the court to review only the pleadings to determine whether the pleadings state a claim

upon which relief can be granted.[1] Fed.R.Civ.P. 12(b)(6), 56(c); *Kane v. Iowa Dep't of Human Serv.*, 955 F. Supp. 1117, 1121 n.1 (N.D. Iowa 1997). The court, at the prompting of plaintiff's motion for reconsideration, has determined that defendant's motion is more properly considered a motion for partial summary judgment. *See* Fed.R.Civ.P. 12(b), (c); 56.

The purpose of summary judgment is to "pierce the boilerplate of the pleading and assay the parties' proof in order to determine whether trial is actually required." 11 James Wm. Moore, et al., *Moore's Federal Practice* ¶ 56.02 (3d ed. 1997)(quoting *Wynne v. Tufts Univ. Sch. of Med.*, 976 F.2d 791, 794 (1st Cir. 1992). Summary judgment "allows courts and litigants to avoid full-blown trials in unwinnable cases, thus conserving the parties' time and money and permitting courts to husband scarce judicial resources." *Id.*

The precise standard for granting summary judgment is well-established and oft-repeated: the moving party is entitled to summary judgment on a claim only upon a showing that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. Fed.R.Civ.P. 56(c).[2] In applying this

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[1] A motion to dismiss for failure to state a claim upon which relief can be granted is addressed to the face of the pleading which, for purposes of the motion, is deemed to include any document attached to it as an exhibit or any other document incorporated by reference. Fed. R. Civ. P. 10(c), 12(b)(6); *Morton v. Becker*, 793 F.2d 185, 187 (8th Cir. 1986); *Goldman v. Belden*, 754 F.2d 1059, 1065-66 (2nd Cir. 1985); 5A Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 1327 (2d ed. 1990).

[2] Rule 56 of the Federal Rules of Civil Procedure states:

Rule 56.Summary Judgment

(a) For Claimant. A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory judgment may, at any time after the expiration of 20 days from the commencement of the action or after service of a motion for

standard, the court must view the facts in the light most favorable to the nonmoving party and give her the benefit of any fairly and reasonably drawn inference. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 1356, 89 L.Ed.2d 538 (1986)(quoting *United States v. Diebold, Inc.*, 369 U.S. 654, 655, 82 S.Ct. 993, 994, 8 L.Ed.2d 176 (1962)). An issue of material fact is genuine if it has a real basis in the record. *Matsushita*, 475 U.S. at 586-87, 106 S.Ct. at 1355-56. "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 2509, 91 L.Ed.2d 202 (1986).

Rule 56(a) and (b) establish that the party moving for summary judgment must come forward with an initial showing that it is entitled to judgment. Fed.R.Civ.P. 56(a)-(b). When the moving party does not bear the burden of proof at trial, as is the case for the moving party here, the burden on the moving party "may be discharged by 'showing'—that is, pointing out to the district court—that there is an absence of evidence to support the nonmoving party's case." *Celotex Corp. v. Catrett*, 477 U.S. 317, 325, 106 S.Ct. 2548, 2554, 91 L.Ed.2d 265 (1986). It is, however, "not enough to move for summary judgment

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summary judgment by the adverse party, move with or without supporting affidavits for a summary judgment in the party's favor upon all or any part thereof.

(b) For Defending Party. A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory judgment is sought may, at any time, move with or without supporting affidavits for a summary judgment in the party's favor as to all or any part thereof.

(c) Motions and Proceedings Thereon...The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.

Fed.R.Civ.P. 56(a)-(c); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S. Ct. 2548, 2552-53, 91 L.Ed.2d 265 (1986).

without supporting the motion in any way or with a conclusory assertion that the plaintiff has no evidence to prove his case." *Celotex*, 477 U.S. at 328, 106 S.Ct. at 2555 (White, J., concurring).

When a moving party has carried its burden, the opposing party is required to go beyond the pleadings, and by affidavits, or by the "depositions, answers to interrogatories, and admissions on file, 'designate' specific facts showing that there is a genuine issue for trial." Fed.R. Civ.P. 56(e); *Celotex*, 477 U.S. at 324, 106 S.Ct. at 2553. The facts on which the nonmovant may rely must be admissible at trial, but need not be in admissible form as presented in the opposition. *See*, e.g., *Celotex*, 477 U.S. at 324, 106 S.Ct. at 2553; *Duluth News-Tribune, Inc. v. Mesabi Publ'g Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996); *Leonard v. Dixie Well Serv. & Supply*, 828 F.2d 291, 295 (5th Cir. 1987). Although "direct proof is not required to create a jury question,...to avoid summary judgment, 'the facts and circumstances relied upon must attain the dignity of substantial evidence and must not be such as merely to create a suspicion.'" *Metge v. Baehler*, 762 F.2d 621, 625 (8th Cir. 1985)(quoting *Impro Prods., Inc. v. Herrick*, 715 F.2d 1267, 1272 (8th Cir. 1983)). The necessary proof that the nonmoving party must produce is not precisely measurable, but the evidence must be "such that a reasonable jury could return a verdict for the nonmoving party." *Anderson*, 477 U.S. at 248, 106 S.Ct. at 2510.

Karavan argues that all four of the new August 5 complaint claims are barred by federal patent law. With regard to the permissible extent of federal trademark protection, both sides rely entirely upon the recent decision, *Vornado Air Circulation Systems, Inc. v Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 116 S. Ct. 753 (hereinafter *Vornado*). Midwest argues two points: (1) the question at issue in *Vornado* was a question of fact and, therefore, inappropriate for a Rule 12(b)(6) motion; and (2)

even if considered a question of law, the personal watercraft trailer patent is distinguishable from the patent in *Vornado*. Regarding the three state trademark claims, Midwest argues that the state trademark does not cover an "invention[] in the public domain" and is therefore not preempted by federal patent law. This opinion will discuss each argument in turn.

Federal Trademark

As Midwest apparently neither contests *Vornado's* rationale, nor argues that *Vornado* is not controlling precedent, the court will not discuss *Vornado* in any great detail and will instead focus on its application to the patent at issue. *Vornado* held that

> [w]here a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, see 35 U.S.C.§112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.

Vornado, 58 F.3d at 1508.

The *Vornado* court did not provide much guidance as to future decisions:

> In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.

> But in this case, we do not find it necessary to remand for such an inquiry. Vornado included the arcuate grill vane structure as an element of its patent claims and described the configuration as providing "an optimum air flow." Then, after the first patent issued and Vornado subsequently found evidence that other grill structures worked as well as or better than the spiral grill, Vornado did not repudiate or disclaim in any way the grill element of its patent. Instead, Vornado sought and received a reissue patent that expanded its claims with respect to the grill.
>
> Even if we discount entirely Vornado's extensive advertising campaign emphasizing the importance of the "AirTensity Grill," this patent history on its face obviates any need for a remand on the question of inventive significance. We simply take Vornado at its word.

Id. at 1510.

Midwest's first issue, that inventive significance is a question of fact inappropriate for a motion to dismiss, is moot in light of this court's considering defendant's motion as a motion for partial summary judgment. Neither side has indicated any material issues of fact. The court notes, nevertheless, that the *Vornado* court was quite clear the question of inventive significance is a question of law. *Id.* at 1501 n.4("[W]e decide this case on a point of law."). This is in keeping with precedent that holds the construction of patent claims is a question of law. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370,–, 116 S.Ct. 1384, 1394-95, 134 L.Ed.2d 577,–(1996)(holding construction of patent claims is a question of law for the judge to decide).

The most important factor to the *Vornado* court was certainly that the particular configuration was an expressly claimed and described element of the patent claim. Most of the patent history discussion arose because of arguments made at the district court level regarding functionality and Lanham Act requirements. The *Vornado* court looked at the patent as a whole and determined that the circular grill was a significant inventive aspect.

Just as "Vornado included the arcuate grill vane structure as an element of its patent claim and described the configuration as providing 'optimum air flow,'" does Midwest here include the arcuate winch post as an element of its patent claim and describes the configuration as an enhancement. (See claim 10 and Disclosure of the Invention, above.) References to the arcuate winch post run throughout the trailer patent: the drawings, the abstract, the disclosure of the invention, the best mode for carrying out the invention, and the claims. It is true that there exist independent claims that do not refer to an arcuate winch post, but principles of patent construction dictate that the court take into account all apparent limitations. *See Ontario Die Co. v. Independent Die Assn.*, 18 U.S.P.Q. 1477 (E.D. Mich. 1990). Of special significance to the court is that the arcuate winch post is set out in particular and specifically described as an enhancement in the Disclosure of the Invention section. This certainly indicates that the arcuate winch post is an inventive aspect of greater significance than most other elements and especially any alternative winch post designs claimed.

As the winch post of claim 10 is a significant inventive aspect of the trailer patent, the court holds that federal law bars any federal trademark protection. *Vornado*, 58 F.3d at 1510. Count III of Midwest's complaint is therefore dismissed.

State Trademark

As the facts and discussion above should clearly indicate, the arcuate winch post is an inventive element of the trailer patent. State trademark protection, therefore, would serve to extend patent-like protections and clash with federal patent law and policy. The Supreme Court has clearly stated that in such cases, state law is preempted:

> [O]ur past decisions have made clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws....We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 151, 109 S.Ct. 971, 978, 103 L.Ed.2d 118 (1989).

The court holds that Counts IV, V, and VI are therefore dismissed.

The following is **HEREBY ORDERED:**

1. Defendant's Motion for Partial Summary Judgment is **GRANTED.**
2. Counts III, IV, V, and VI are therefore **DISMISSED.**

DATED this 22nd day of April 1998.

"s/Robert W. Pratt", Judge

Robert W. Pratt, Judge
United States District Court

United States Court of Appeals for the Federal Circuit

98-1435

MIDWEST INDUSTRIES, INC.,

Plaintiff-Appellant,

v.

KARAVAN TRAILERS, INC.,

Defendant-Appellee.

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLEE, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on June 21, 1999.

FOR THE COURT,

"s/Jan Horbaly"

Jan Horbaly
Clerk

Dated: June 14, 1999

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

JUN 14 1999

JAN HORBALY
CLERK

cc: THOMAS J. OPPOLD
G. BRIAN PINGEL

MIDWEST INDUST V KARAVAN TRAILERS, 98-1435
(DCT – 97-CV-90175)

****
* Note: Pursuant to Fed. Cir. *
* R. 47.6, this order is not *
* citable as precedent. It is a *
* public record. *
****

Supreme Court, U.S.
FILED
OCT 15 1999
OFFICE OF THE CLERK

(2)

No. 99 - 469

IN THE
SUPREME COURT OF THE UNITED STATES

KARAVAN TRAILERS, INC.,
Petitioner,

v.

MIDWEST INDUSTRIES, INC.
Respondent.

On Petition for Writ of Certiorari
To The United States Court of Appeals
for the Federal Circuit

Amicus filing Supporting Petition for Certiorari by Karavan Trailers, Inc.
Permission to file received from both parties.

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Interest of the *Amicus Curiae*

Malla Pollack ("Pollack"), *amicus curiae*, has no direct or indirect financial interest in the outcome of this litigation.[1] Pollack's sole interest in this case is to encourage the proper protection of the currently endangered public domain. *See, e.g.*, David Lange, *Recognizing the Public Domain*, 44 (no. 4) Law & Contemp. Probs. 147, 176 (1981) (in view of collective action problems, requesting courts to appoint *guardians ad litem* for the public domain in intellectual property cases or, at the least, to welcome *amicus* participation). Both parties have given permission for Pollack to file this *amicus* submission. Copies of the permission letters are attached to the proof of service submitted to the Clerk.

Summary of Argument

This Court should grant *certiorari* on Petitioner's First Question[2]

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[1]The printing of this *amicus* filing was paid for by Malla Pollack personally with the help of her faculty allowances as a visiting associate professor at Florida State University, College of Law and as an associate professor at Florida Coastal School of Law.

[2] "Does patent law preempt trade dress remedies under the Lanham Act and state law trademark and unfair competition remedies for a patent

because of the important constitutional issue decided by the Federal Circuit in disregard of this Court's opinions. U.S. Sp. Ct. R. 10(c). In *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), this Court set out the constitutional requirement that all matter in a patent must enter the public domain at the end of the patent monopoly. While the circuits are split on the exact standard to use when a patentee attempts to bypass this requirement through trade dress/trademark, U.S. Sp. Ct. R. 10(a), all seem to have lost sight of the simple constitutional proposition that all parts of the monopoly become public. Someone does not need to show commercial need in order to use this public domain material. In light of the growing importance of product configuration trade dress/trade mark protection and the Federal Circuit's nationwide jurisdiction, this Court should grant *certiorari* in this case and clarify the simple constitutional principle involved.

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holder where the product configuration at issue is claimed in a utility patent." Petition at i.

Argument:

Certiorari Is Appropriate Because Of A Circuit Split Where Both Sides Misread This Court's Constitutional Doctrine

This Court should grant *certiorari* because the Federal Circuit's error is an error of constitutional dimension – as well as part of a circuit split and a major misreading of this Court's precedent. U.S. Sp. Ct. R. 10(a),(c). Since Petitioner has amply discussed the disagreement between the Federal Circuit in this case and the Tenth Circuit in *Vornado Air Circulation Sys., Inc.* 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 116 S. Ct. 753 (1996), this *amicus* filing will discuss only the circuits' constitutional important misreading of Supreme Court precedent.

The Intellectual Property Clause of the United States Constitution grants Congress the power:

> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries ...[3]

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[3] U.S. Const. Art. I, sec. 8, cl. 8 ("the Intellectual Property Clause").

This clause is formulated to both grant powers and to deny others. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)("both a grant of power and certain limitations"; "Congress may not create patent monopolies of unlimited duration" or allow removal of material from the public domain); *Graham v. John Deere Co.*, 383 U.S. 1, 5 (1966)("both a power and a limitation"); I William Winslow Crosskey, POLITICS AND THE CONSTITUTION 486 (1953)(same). Congress has only the powers granted by the Constitution. It cannot go further. *See United States v. Lopez*, 514 U.S. 549, 552 (1995) ("The Constitution creates a Federal Government of enumerated powers."). Congress may not use the generalized grant of power in the Commerce Clause, U.S. Const. Art. I, sec. 8, cl. 3, to bypass a limitation in a more targeted power. *See Railway Labor Executives' Ass'n v. Gibbons*, 455 U.S. 457, 471 (1982) (Congress may not bypass the "uniformity" requirement in the Bankruptcy Clause by appealing to the Commerce Clause).

The Intellectual Property Clause expressly limits Congressional grants to "exclusive right[s]" which both last for "limited times" and "promote the

progress of science and useful arts." Once the limited time of the constitutionally allowed grant has expired, the patentee must pay the price — all the content of the patent belongs to the public. *See Kellogg*, 305 U.S. at 116 ("there passed to the public upon expiration of the [utility] patent . . . the right to make the article as it was made during the patent period"); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896) ("It is self-evident that on the expiration of a[n utility] patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property."); *Coats v. Merrick Thread Co.*, 149 U.S. 562, 571 (1893)(same for design patent). A patent is granted "upon this condition," *Singer*, 163 U.S. at 185, which is constitutional – "limited times," "to promote the progress of science and the useful arts," U.S. Const. Art. I, sec. 8, cl. 3; *see also Bonito Boats*, 489 U.S. at 977-78 ("[T]he ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure.").

The cost charged for a patent includes any good will inherent in the article itself:

> Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat"; and thus is sharing in a market which was created by the skill and judgment [and investment of plaintiff.] . . . But that is not unfair. [It] is the exercise of a right possessed by all –and in the free exercise of which the consuming public is deeply interested.

Kellogg, 305 U.S. at 122.

The same limitation is imposed on the states both by congressional field preemption, *see Bonito Boats*, 489 U.S. at 152 ("Where the public has paid the congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent."), and by the dormant Intellectual Property Clause. *See Goldstein v. California*, 412 U.S. 546, 558 (1973); Malla Pollack, *Unconstitutional Incontestability*, 18 Seattle Univ. L. Rev. 259, 300-326 (1995). *Accord Bonito Boats*, 489 U.S. at 153 ("the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain")(quoting *Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234, 237 (1964)).

The Federal Circuit has confused this basic constitutional requirement

with the merely common law and statutory doctrines of verbal trade marks. The Federal Circuit did not recognize that Congress is constitutionally limited from writing the Lanham Act, 15 U.S.C. §§ 101 *et. seq.*, to bypass constitutional limits. The Lanham Act itself is not unconstitutional; the Federal Circuit has misread the statute.

The Federal Circuit refused to allow Karavan Trailers, Inc. (hereinafter "Karavan") to make the product covered by an expired patent without a heavy showing. This burden on access by a member of the public to material purchased (at the price of a monopoly patent) by the public is unconstitutional. The only acceptable price that any member of the public can be charged for duplicating a formerly-patented product is a label reasonably identifying that member of the public as the product's current source. *See Kellogg*, 305 U.S. at 119 (former patentee may only require others to "use reasonable care to inform the public of the source of [their competing] product[s].").

The Federal Circuit wanted Karavan to demonstrate that it could not compete economically without an element claimed in Midwest Industries,

Inc.'s expired patent. *Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1364-65 (Fed. Cir.1999), *petition for cert. filed* Sept. 21, 1999 (this case). But this trademark doctrine of "functionality" should not be relevant as to material which was protected by a patent.

A patent is a bargain. No one obtains a patent without affirmatively requesting one. A patentee is not required to show commercial value in order to obtain a patent. The patentee is not required to include unnecessary material in the patent application. At any time during the application process, if the applicant dislikes the bargain offered by the Patent and Trademark Office, the applicant can withdraw the pending application. The holder of a patent, therefore, should not be allowed to begin by enjoying a patent and end by claiming (only after consuming the full benefit of the patent term) that the subject matter was not sufficiently valuable to render return performance mandatory. Beside the constitutional dimension, such behavior is inequitable and in conflict with black letter contract principles.

Kellogg, indeed, goes much further than the language used in *Vornado*, 58 F.3d at 1510 (at expiration of patent term, material enters the public

domain if it is "part of a claim in a utility patent" or a "significant inventive aspect"), let alone the economic need required by the Federal Circuit in this case. The *Kellogg* Court rested on Perky's utility patent No. 548,086 ('086 Patent)(separately bound Appendix to this *amicus* filing). *Kellogg*, 305 U.S. at 112. The '086 Patent, however, does not claim a pillow shaped food item. '086 at p.2, ll.20-42 ("I claim .... "); Ap. at A2. The descriptive section of Patent '086 asserts that the food product being claimed "can be shaped for baking in various ways." *See* '086 Patent, at p.1, l.98, Ap. at A1. Yet the pillow shape was held dedicated to the public because this was how the article had been "made during the patent period."[4] *Kellogg*, 305 U.S. at 118. "Functionality," in the trademark sense of affecting cost and quality, was a mere secondary reason for non-protection. *Id.* at 122. A reason, furthermore, on which the Court was handling strongly disputed facts. *Compare* Brief for Petitioner at 57-66, 108-12, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938)(Nos. 2 & 56) (arguing form is functional)

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[4] The pillow shape was covered by an earlier invalidated design patent. The design patent seems irrelevant to the Supreme Court decision. *See Kellogg*, 305 U.S. at 119 n.4.

functional) *with* Brief for Respondent at 19-32, 40-41, *Kellogg*, 305 U.S. 111.

Presumably, the Federal Circuit is following modern law and economics theories. The Constitution, however, does not enact modern law and economics anymore than it does Herbert Spencer's Social Statistics. *Cf. College Sav. Bank v. Florida Prepaid Postsecondary Edu. Expense Bd.*, 119 S. Ct. 2219, 2233 (1999)(point of Justice Holmes' dissent in *Lochner* is that majority incorrectly "sought to impose a particular economic philosophy upon the Constitution")(referring to *Lochner v. New York*, 198 U.S. 45, 75 (1905)(Holmes, J., dissenting)).

Regardless of the economic necessity for any other member of the public to use any specific element of an article formerly protected by patent, every member of the public has the right to use every element of every expired patent provided only that the product be clearly labeled as to source. The right is granted by the Constitution. The Federal Circuit cannot deny it.

When *Kellogg* was decided, the dedication of the word mark ('shredded wheat") was the more disputed issue. The public availability of the product shape was

deemed "self-evident." *Singer Mfg. Co.*, 163 U.S. at 185. Since then, vendors have more forcefully attempted to appropriate for themselves the physical characteristics of their products -- an attempt this Court has beaten off to some degree. *See Bonito Boats*, 489 U.S. at 167-68 (state statute protecting unpatented boat hulls is preempted). *But see* Pub. L. No. 105-304, 112 Stat. 2905 (Oct. 28, 1998) (codified at 17 U.S.C. §§ 1301-1332)(creating federal copyright protection for unpatented boat hulls). Congress has also responded somewhat by clarifying that functionality is a defense to alleged infringement of an incontestible trade mark in a product configuration. *See* Pub. L. No. 105-330 (Oct. 30, 1998)(codified at 15 U.S.C. § 1052(e)), *legislatively overruling Shakespeare Co. v. Silstar Corp.*, 9 F.3d 1091 (4th Cir. 1993)(because not mentioned in the statute, functionally is not a defense to alleged infringement of an incontestible trade mark), *cert. denied*, 114 S. Ct. 2134 (1994).

In light of the growing importance of trade dress/trademark claims on product configurations and the Federal Circuit's nationwide jurisdiction, this Court should grant *certiorari* and reiterate the constitutional teachings of

this Court should grant *certiorari* and reiterate the constitutional teachings of *Kellogg*, 305 U.S. at 116. At the end of every patent grant, all the content of that grant is dedicated to the public (perhaps including the unpatented details of the product as marketed). The beneficiary of a patent may not renege on its bargain after accepting the monopoly benefits of that constitutionally limited "contract." Whether economically efficient or not, this bargain is mandated by the Constitution.

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Conclusion

For the reasons discussed above, this Court should grant *certiorari* in *Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir. 1999), on the First Question presented by Petitioner Karavan Trailers, Inc.

Respectfully submitted: October 15, 1999.

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Supreme Court, U.S.
FILED
OCT 15 1999
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No 99 - 469

IN THE
SUPREME COURT OF THE UNITED STATES

KARAVAN TRAILERS, INC.,
Petitioner,

v.

MIDWEST INDUSTRIES, INC.
Respondent.

On Petition for Writ of Certiorari
To The United States Court of Appeals
for the Federal Circuit

Appendix to *Amicus* filling Supporting Petition for Certiorari by Karavan Trailers, Inc.

Permission to file received from both parties

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4 pp

UNITED STATES PATENT OFFICE.

HENRY D. PERKY, OF DENVER, COLORADO.

BREAD AND METHOD OF PREPARING SAME.

SPECIFICATION forming part of Letters Patent No. 548,066, dated October 15, 1895.

Application filed March 15, 1894. Serial No. 503,777. (No specimens.)

To all whom it may concern:

Be it known that I, HENRY D. PERKY, a citizen of the United States, and a resident of Denver, in the county of Arapahoe and State of Colorado, have invented a certain new and useful Article of Food or Bread and the Preparation of the Same; and I do declare the following to be a full, clear, and exact description of the invention, such as will enable others skilled in the art to which it appertains to make and use the same.

An object of the invention is the production of an article of food or bread, consisting of externally-rough porous threads or filaments of wheat or similar grain, having the outer nutrition bran and gluten of the entire berry visibly mingled with the interior starchy portion thereof and adapted by their composition of entire grain-berries and their rough and porous thread-like or shred-like form to constitute, without other shortening or aeration, bread of especially light and wholesome character.

A further object of the invention consists in the novel art or method of preparing the grain or berry and reducing it to form without taking from the grain any of the beneficial qualities provided by nature and presenting the same in convenient form for service as a superior article of food without the aid of experts or skilled labor now required to produce palatable bread.

The usual methods practiced in the manufacture of flour and the resultant bread therefrom are such as to detract from the natural and healthful properties possessed by the grain in its original state. The addition of shortening, yeast, baking-powder, alum, or other foreign ingredients to render the bread light is also detrimental, and the entire method consumes a large amount of time and labor.

According to the improved method which I am now about to describe, the wheat is taken in the whole or berry form, and after being cleaned and thoroughly washed is boiled until corked, without destroying the whole or individual form of the berry. The time of boiling is usually about one hour. This operation, in addition to cooking the grains, removes from them the outer sillicious coating and adherent extraneous matter. It also destroys all insect life and removes the traces thereof. Before removal from the boiler the grain is seasoned with salt. The wheat, still in berry form, is, nevertheless, just after the boiling quite soft and its interior or starchy portion especially is watery. It can be easily mashed between the finger and thumb and is not in condition for proper compression until its inner and outer portions are brought more upon an equality in point of consistence. To this end the grain, being removed from the boiler, is allowed to dry for some hours—from twelve to twenty hours being usually sufficient—until the interior of the berry has, from the loss of some of its water, become more consistent. The grain should be constantly stirred or agitated during this part of the process to hasten the drying-out action and to prevent incipient fermentation. I prefer, therefore, to dry out the grain in rotating wire-cloth barrels or cage-tumblers. The berries should now have sufficient interior consistence to enable their outer and interior portions to be effectively incorporated with each other, such incorporation being accomplished by passing the grain between compression-rollers, one or both of which is provided with a series of fine circumferential grooves whereby the berries are mashed and their outer bran-coats, gluten layers, and starchy interior portion thoroughly incorporated together and forced into the grooves of the roller or rollers, whence the resultant food is discharged, by means of a comb or scraper, in the form of long fine filaments or threads of porous character and having a rough exterior admirably adapted to cause them to adhere together when being massed to form loaves or biscuit. The sinuous form and rough or jagged exterior shape of the filaments is designed also to provide small interstices throughout the mass, whereby the bread is thoroughly aerated and made very light.

The food as discharged from the rolls is ready for use without further cooking, or it can be shaped for baking in various ways. The food presented is pure wheat and all the parts of the berry are given to the consumer in attractive form. No chemical change is set up therein by the use of ferments or other

BEST AVAILABLE COPY

foreign ingredients, and the percentage of water in the food is much less than in ordinary bread.

The article as produced is a food or bread composed of superposed or massed layers or deposits of dry, externally rough, porous, sinuous threads or filaments of cooked whole wheat containing intermixed the bran, starch, and gluten of the entire berry, and which is absolutely free from leavening or raising material or their products.

The fine thread-like character of the component filaments of the bread and their disposition therein renders it tender, so that shortening is not required. All the nutrition and beneficial qualities of the berry are preserved in this admirable article of food, while its form gives it tenderness and lightness without the admixture of foreign ingredients.

Having described this invention, what I claim, and desire to secure by Letters Patent, is—

1. A food or bread composed of superposed or massed layers or deposits of dry, externally rough, porous, sinuous threads or filaments of cooked whole wheat containing intermixed the bran, starch, and gluten of the entire berry, and which is absolutely free from leavening or raising material, or their products.

2. The process of reducing cereals for food, consisting, first, in cooking the grain with salt, after it has been thoroughly cleaned, without destroying the whole berry form, second, partially drying the grain with constant agitation until its interior and exterior portions are of substantially the same consistency, and finally, compressing the grain to intimately commingle the outer or bran coats, gluten layers, and starchy, interior portions in the form of porous, rough filaments or threads, substantially as described.

In testimony whereof I affix my signature in the presence of two witnesses.

HENRY D. PERKY.

Witnesses:
J. M. STANLEY,
HARRY C. JAMES.

Correction in Letters Patent No. 548,086.

It is hereby certified that in Letters Patent No. 548,086, granted October 15, 1895, upon the application of Henry D. Perky, of Denver, Colorado, for an improvement in "Bread and Methods of Preparing Same," an error appears in the printed specification requiring correction, viz: In line 47, page 1, the word "corked" should read *cooked;* and that the said Letters Patent should be read with this correction therein that the same may conform to the record of the case in the Patent Office.

Signed, countersigned, and sealed this 29th day of October, A. D. 1895.

[SEAL.]

JNO. M. REYNOLDS,
Assistant Secretary of the Interior.

Countersigned:

S. T. FISHER,
Acting Commissioner of Patents.

Supreme Court, U.S.
FILED
OCT 20 1999
CLERK

No. 99-469

IN THE

Supreme Court of the United States

KARAVAN TRAILERS, INC.,

Petitioner,

v.

MIDWEST INDUSTRIES, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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STATEMENT PURSUANT TO RULE 29.6

Respondent, Midwest Industries, Inc., has no parent corporation and no publicly held company owns 10% or more of its stock.

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STATEMENT OF THE CASE

A. Material Facts.

Respondent believes it necessary to point out and clarify certain issues of fact and law that were not fully addressed in the petition so that the Court has a proper understanding of the proceedings below which bear on the issues now before this Court.

B. The Proceedings at the District Court.

The Respondent, Midwest Industries, is the exclusive licensee of U.S. Patent No. 5,518,261 entitled: "Personal Watercraft Trailer" (hereinafter the '261 utility patent) as well as U.S. Patent No. Des. 346,772 entitled: "Personal Watercraft Trailer" (hereinafter the '772 design patent).

Midwest Industries originally brought an action against the Petitioner, Karavan Trailers, for infringement of the '772 design patent and another design patent not relevant to this petition. The '261 utility patent was not in-suit because it was in the process of reissuance. After Midwest filed the original complaint, Midwest was granted two Iowa State Trademark Registrations (No. W00149885 and No. W00143649) for the distinctive configuration of the curved winch posts used on its Personal Watercraft (PWC) trailers. Midwest was allowed to amend its complaint to include state trademark infringement counts of its two Iowa State trademarks, as well as federal unfair competition counts under 15 U.S.C. § 1125(a) for trade dress infringement and also common law trademark infringement and unfair competition counts.

Karavan filed a Rule 12(b)(6) motion to dismiss Midwest's trademark and trade dress counts alleging that these counts were barred by federal patent law due to the '261 utility patent. Karavan based its 12(b)(6) motion on the Tenth Circuit decision of *Vornado Air Circulation Systems v. Dura-craft Corp.* 58 F.3d 1498 (10th Cir. 1995). After a hearing on Karavan's 12(b)(6) motion, the district court, relying on the Tenth Circuit *Vornado* decision, granted Karavan's 12(b)(6) motion and dismissed Midwest's trademark and trade dress counts holding that these counts were barred due to the existence of the '261 utility patent. Midwest filed a motion for reconsideration informing the district court that it erred by going beyond the pleadings when considering the '261 utility patent in granting Karavan's 12(b)(6) motion. The district court acknowledged its error and granted Midwest's motion for reconsideration. However, without any further hearings, the district court, sua sponte, converted Karavan's 12(b)(6) motion into one for partial summary judgment and again dismissed Midwest's trademark and trade dress counts holding that these counts were barred due to the existence of the '261 utility patent. Midwest filed for and received a Rule 54(b) certificate and appealed the district court's dismissal of its trademark and trade dress counts to the Court of Appeals for the Federal Circuit.

C. The '261 Utility Patent.

The subject matter of the '261 utility patent, as illustrated in the patent drawing figures 1 and 3 below, is directed toward a trailer for transporting personal watercrafts (PWC's).

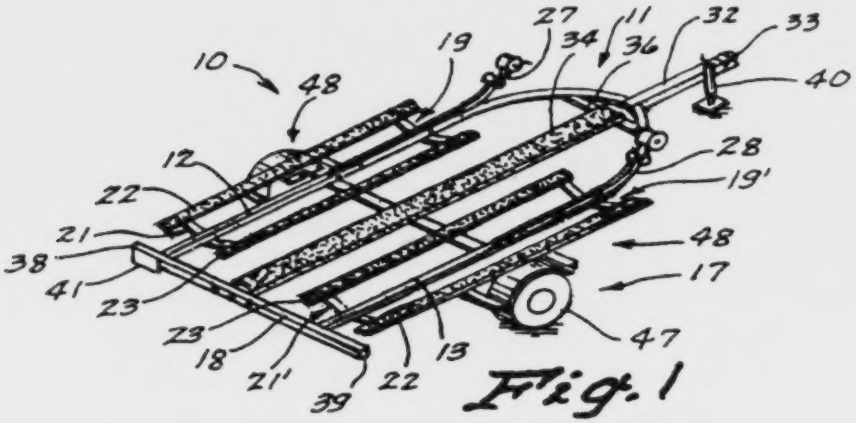

Fig. 1

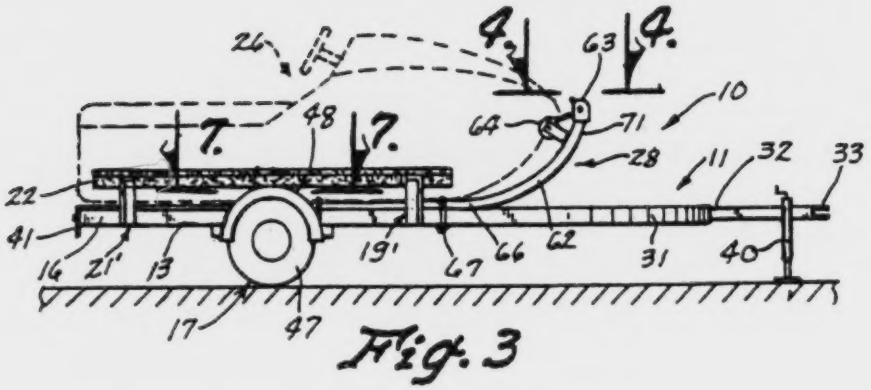

Fig. 3

Midwest Industries asserts trade dress in the distinctive curve of the winch post used on its PWC trailers. Midwest's asserted trade dress in the curved winch post appears in the patent drawing figures of the '261 utility patent (particularly Fig. 3), indicated by the reference numeral "62". The winch post element "62" of the '261 utility patent is defined as having a configuration only in claim 10 of the '261 utility patent, which is dependent upon dependent claim 7 and independent claim 5. These claims of the '261 utility patent are set forth immediately below, with the winch post configuration language emphasized.

> 5. A personal watercraft trailer comprising:
>
> a frame including a pair of laterally spaced frame members, said frame members each having a rear end, a portion extended longitudinally of said frame and a forward element, said forward elements converging to form a tongue unit, said frame member portions extended parallel each other;
>
> a wheel and axle assembly supporting said frame;
>
> a cross member unit secured to and extended between said frame member rear ends;
>
> a pair of bracket units secured in longitudinally spaced relation to each frame member portion;
>
> a pair of boat hull engaging members mounted on said pair of bracket units for engaging the single hull of a boat support thereon;
>
> an elongated element having one end secured to each frame member portion, and having further a free end disposed forwardly of said one end relative to said frame member, said element

disposed in longitudinal alignment with said frame member portion to which it is secured; and

a bow stop mounted on said element free end for abutment with the bow end of a boat supported on each pair of hull engaging members.

7. The personal watercraft trailer of claim [5], and further wherein each said bracket unit includes a pair of wing members having inner ends secured to a said frame member portion, with outer ends of said wing members extended laterally outwardly from said frame member to form a V-shape in rear elevation, each pair of said bracket units longitudinally aligned.

10. The personal watercraft trailer of claim 7, *with each said elongated element said one end substantially straight* for mating engagement with a contiguous frame member portion, and *with said free end curved forwardly and upwardly away from said one end, said element disposed normally in a vertical plane.*

D. The Proceedings at the Federal Circuit.

The Federal Circuit reversed the district court's grant of summary judgment and remanded the case back to the district court directing it to conduct an inquiry into functionality in order to determine whether Midwest's curved winch post is functional and whether Midwest has satisfied the other requirements for protection under the Lanham Act and Iowa state trademark law.

REASONS FOR DENYING THE WRIT

I.

THE FIRST QUESTION PRESENTED FOR REVIEW BY THE PETITIONER HAS BEEN RESOLVED BY RECENT FEDERAL LEGISLATION AND THEREFORE ANY PERCEIVED CONFLICT BETWEEN THE TENTH CIRCUIT AND THE FEDERAL CIRCUIT WITH RESPECT TO WHETHER TRADE DRESS PROTECTION IS AVAILABLE FOR PRODUCT CONFIGURATIONS WHERE THE ASSERTED TRADE DRESS IS ALSO CLAIMED IN A UTILITY PATENT IS NOW MOOT.

Petitioner identified two questions for review by this Court. The first is whether federal patent law preempts federal and stated trademark law if the asserted product configuration trade dress is claimed in a utility patent.

In urging this Court to grant cert., Petitioner identifies a perceived conflict between the Tenth Circuit and the Federal Circuit with respect to whether trade dress protection should be available if the asserted trade dress is also claimed in a utility patent. This perceived conflict is best illustrated by the following quotes from the recent decisions by the respective Circuit Courts of Appeal. The Tenth Circuit has held that:

> [W]here a disputed product configuration is part of a claim in a utility patent, and the configuration is a described significant inventive aspect of the invention, . . . , so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, *even if the configuration is nonfunctional*.

Vornado Air Circulation Systems v. Duracraft Corp., 58 F.3d 1498, 1510 (10th Cir. 1995), *cert. denied*, 116 S. Ct. 753 (1996) (emphasis added). Whereas the Federal Circuit has held that:

> Other courts of appeals, both before and after *Bonito Boats* [*Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989)], have followed the lead of the Court of Customs and Patent Appeals in holding that *a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is, or has been, the subject of a patent.* . . . The Tenth Circuit stands alone in holding to the contrary. . . .

Midwest Industries v. Karavan Trailers, 175 F.3d 1356, 1364 (Fed. Cir. 1999) (emphasis added).

While these decisions appear to present a conflict between the Tenth Circuit and the Federal Circuit over the issue of whether "functionality" or the existence of a utility patent is the determining factor for trade dress protection of a product configuration, any perceived conflict between the Tenth Circuit and the Federal Circuit is now moot due to recent federal legislation.

On August 5, 1999, President Clinton signed into law the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, which amends Section 43(a) of the Trademark Act of 1946 (15 U.S.C. § 1125(a)) by adding at the end of that statute the following:

> (3) In a civil action for trade dress infringement under this Act for trade dress not registered on

> the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not *functional*.

113 Stat. 218 (emphasis added).

A review of the legislative history of Pub. L. No. 106-43, 113 Stat. 218, clearly shows that Congress amended Section 43(a) of the Act to address the conflicting policies behind trademark law and patent law when trade dress is asserted in a product configuration that is, or has been, the subject of a patent.

> Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden of proving that the trade dress is not functional. A functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition. If a mark is registered, there is a presumption that it is not functional. However, for plaintiffs of unregistered marks to be given the same presumption would not promote fair competition or registration. *For example, the owner of a patent that is about to expire may try to register it as a trademark, which receives protection as long as the owner uses it in commerce. This amendment seeks to ensure that marks that are functional are not registered. Functional marks should be dealt with under patent law. Therefore, it should be incumbent on*

> *the plaintiff suing for infringement of an unregistered mark to prove that the mark is not functional.*

H.R. Rep. No. 250, 106th Cong., 1st Sess. (1999) (Background and Need for the Legislation) (emphasis added).

In addition, on October 30, 1999, the Trademark Law Treaty Implementation Act, Pub. L. No. 105-330, 112 Stat. 3064, became effective. Under this Act, a number of other statutes of the 1946 Trademark Act were also amended to include the functionality doctrine in defining protectable subject matter for trademarks. For example: 15 U.S.C. § 1052(e) was amended to exclude from registering on the principal register "any matter that, as a whole, is functional." Furthermore, 15 U.S.C. § 1064(3) was amended to include "or is functional" as a ground for cancellation of a registration of a trademark. And finally, 15 U.S.C. § 1091(c) was amended to include "any matter that as a whole is not functional" to the list of subject matter that is registerable on the supplemental register.

With the recent passage of these two amendments to the 1946 Trademark Act, the intent of Congress is clear — *functionality* is the sine qua non of determining when a product configuration is entitled to trade dress protection — not whether the asserted trade dress is or has been claimed in a utility patent. Accordingly, the Tenth Circuit's decision in *Vornado* appears to be overruled by legislation, and thus, there remains no conflict to be resolved between the Tenth and Federal Circuit decisions on this issue.

II.

THE FEDERAL CIRCUIT'S DECISION HAS NOT SO FAR DEPARTED FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS AS TO CALL FOR AN EXERCISE OF THIS COURT'S SUPERVISORY POWER — TO THE CONTRARY, THE FEDERAL CIRCUIT'S DECISION IN THE PRESENT CASE IS CONSISTENT WITH OVER THIRTY YEARS OF ESTABLISHED PRECEDENT IN DEFINING THE BOUNDARIES OF TRADE DRESS PROTECTION.

The Petitioner urges this Court to exercise its supervisory power over an issue that for the past thirty years has consistently and repeatedly been the cornerstone for defining the boundary of trade dress protection.

This Court in *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995) held that "[t]he *functionality doctrine* prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Id* at 164. A product configuration is said to be "functional" if it is " 'essential to the use or purpose of the article or if it effects the cost or quality of the article,' that is, if the exclusive use of the feature would put competitors at a significant, non-reputation related disadvantage." *Id.* at 165 (*quoting Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850 n.10 (1982)). Since at least 1961, the Federal Circuit and its predecessor court have repeatedly and consistently held that the availability of trade dress protection does not depend on whether a patent has been obtained for the product or feature in question. Rather, the Federal Circuit has consistently and

repeatedly held that trade dress protection of a product configuration is available if it acts as a designation of source and if the asserted trade dress is "non-functional," regardless of whether the asserted trade dress is or was the subject of a utility patent.

> To be sure, statements in a patent may provide evidence that the asserted trade dress is functional, and thus not entitled to legal protection. But the fact that a patent has been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter. As the Court of Customs and Patent Appeals put the matter in the seminal Deister case, "we are not seriously concerned with whether he who claims trademark rights of unlimited duration now has or did have patent protection, or what that protection was."

Midwest Industries, 175 F.3d at 1362 (internal citations omitted) (*quoting In re Deister Concentrator Co.*, 289 F.2d 496, 501 (C.C.P.A. 1961)).

As the Federal Circuit stated: "[t]he Tenth Circuit stands alone in holding to the contrary . . ." *Id.* at 1363. Since the 1995 *Vornado* decision, no other Circuit Courts of Appeal have followed the Tenth Circuit's rational. To the contrary, every Circuit Court of Appeal that has had the opportunity to visit this issue has either distinguished the rogue *Vornado* decision or has completely ignored it. *See, e.g., Ashley Furniture Ind. v. Sangiancomo N.A. Ltd.*, 187 F.3d 363, 376 (4th Cir. 1999); *Pebble Beach Co. v. Tour 18 I, Ltd.*, 155 F.3d 526, 548 n.16 (5th Cir. 1998); *Sunbeam Products, Inc. v. The West Bend Co.*, 123 F.3d 246, 256 (5th Cir. 1997);

Thomas & Betts Corp. v. Panduit Corp., 138 F.3d 277, 287-89 (7th Cir. 1998); *Elmer v. ICC Fabricating*, 67 F.3d 1571, 1580 (Fed. Cir. 1995).

Accordingly, in view of the failure of any other Circuit Courts of Appeal to adopt the Tenth Circuit's rational, there is no need for this Court to exercise its supervisory power to resolve a conflict created from one rogue decision by the Tenth Circuit, and which, in light of the recent federal legislation identified above, now appears moot anyway.

Furthermore, with respect to the facts of the present case, Petitioner's reliance on *Bonito Boats Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938); *Singer Mfg. v. June Mfg.*, 163 U.S. 169 (1896) and *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) which it cites for the proposition that after expiration of a patent, the subject matter of the patent passes to the free use of the public, is misplaced. The Respondent, Midwest Industries, is not seeking trade dress or trademark protection in the "subject matter" of either the '261 utility patent or the '772 design patent. Clearly Midwest could not claim a trademark or trade dress on the entire PWC trailer that was the subject of the '261 utility patent or the '772 design patent. *See, e.g., Elmer*, 67 F.3d at 1580 (Enforcing a trade dress right to be essentially coextensive with or broader than the claims of a patent would frustrate the right to copy the claimed invention after the patent expires) (*citing Qualitex*, 514 U.S. at 165; *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989); and *Kellogg, supra*. Midwest is not attempting to make such a broad claim — Midwest is not trying to foreclose competitors from selling PWC trailers having a winch post. Rather, Midwest is urging that when people see a PWC trailer with

the particular curved winch post sought to be protected by trade dress, that curved winch post makes them think of Midwest. Therefore, Midwest is only trying to keep others from selling PWC trailers that use a confusingly similar curved winch post, a distinctive feature that the public has associated with Midwest PWC trailers. After the '261 utility patent or the '772 design patent expires, the public is free to make the "claimed invention(s)" (i.e. the subject matter) of those patents.

In the case of the '261 utility patent, dependent claim 10 of that patent (quoted in its entirety above), for example, defines a PWC trailer that is comprised of eight elements or limitations, only one of which is directed toward a winch post. Thus, after the '261 utility patent expires, the public can make PWC trailers having the claimed combination of the eight elements, even PWC trailers with curved winch posts — so long as their curved winch posts are not confusingly similar to Midwest's particular curved winch post.

Midwest's position is entirely consistent with Federal Circuit precedent. *See, e.g., Elmer*, 67 F.3d at 1580:

> If the asserted trade dress had been narrowly defined to cover only one of the many product configurations within the scope of the claim, one might have a different case. In such case, upon expiration of the [plaintiff's] patent, competitors would be free to practice the [claimed patented] invention . . . ; They simply could not choose a product configuration that would be confusingly similar to the trade dress of [plaintiff's] product.

Under the flawed rational of the Petitioner and the Tenth Circuit, they attempt to elevate one of eight elements of a claimed combination of elements to the status of a claimed "invention." This is contrary to established patent law. *See, e.g., Rowell v. Lindsay*, 113 U.S. 97, 101 (1884) ("None of the separate elements of which the combination is composed are claimed as the invention of the patentee, therefore none of them standing alone are included in the monopoly of the patent"). Accordingly, this Court should not grant writ on an issue propounded by the Petitioner that is contrary to over a century of established patent law.

III.

THE SECOND QUESTION PRESENTED FOR REVIEW BY THE PETITIONER DOES NOT WARRANT REVIEW BY THIS COURT BECAUSE THE FEDERAL CIRCUIT'S DECISION TO APPLY ITS OWN LAW IN DETERMINING WHETHER PATENT LAW CONFLICTS WITH OTHER CAUSES OF ACTION IS CONSISTENT WITH ITS FEDERAL MANDATE AND IS CONSISTENT WITH ITS PRIOR PRECEDENT ON SIMILAR ISSUES.

The second question presented by the Petitioner for review by this Court is whether the Federal Circuit is entitled to apply its own law when deciding whether patent law preempts other causes of action or whether the Federal Circuit is required to apply the law of the regional circuit from which the appeal originated in deciding such issues.

It is important to note that neither party challenged the choice-of-law issue in their respective appeal briefs or in oral arguments to the Federal Circuit — the Federal Circuit raised and decided this issue, en banc, sua sponte.

In deciding this issue, the Federal Circuit clearly articulated why it felt it must apply its own law to decide whether a non-patent claim was barred by principles of patent law:

> In order to fulfill our obligation of promoting uniformity in the field of patent law, it is equally important to apply our construction of patent law to the questions whether and to what extent patent law preempts or conflicts with other causes of action. . . . We hold that our responsibility to decide what patent law permits and prohibits requires that we apply our own law to such cases.
>
> . . . . [W]e think that as the sole appellate exponent of patent law principles this court should play a leading role in fashioning the rules specifying what patent law does and does not foreclose by way of other legal remedies. If we simply follow regional circuit law in deciding questions and other legal remedies, other courts will not have the benefit of our analysis of the substance and scope of patent law in such cases. Such abdication, we think, would in the end disserve the interest in attaining coherence and consistency in the law relating to patents.

Midwest Industries, 175 F.3d at 1360-61. As indicated by the Federal Circuit, its basis for applying its own law as opposed to that of the regional circuit on whether patent law preempts trade dress claims is consistent with its holdings in other cases that presented similar issues. *Id.* at 1360 ("Although we do not have exclusive jurisdiction over unfair competition claims, we nonetheless held that Federal Circuit

law applies to the question whether inequitable conduct in the prosecution of a patent constitutes unfair competition.") (*citing Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568 (Fed. Cir. 1996)); ("[T]he question whether particular conduct by a patentee exposes the patentee to suit under the antitrust laws would be decided under this court's precedents, because the court regarded the question as one that 'clearly involves our exclusive jurisdiction over patent cases.' ") (*citing Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1067-68 (Fed. Cir.), *cert. denied*, __ U.S. __, 119 S. Ct. 178 (1998).

In urging this Court to grant writ of certiorari, the Petitioner argues that "if a case is or may be appealed to the Federal Circuit, a district court must ignore the precedent in its own circuit on substantive non-patent issues, and instead apply the substantive law, if any, of the Federal Circuit." Petition for Writ, p 15. This argument is overreaching and mischaracterizes the Federal Circuit's holding.

The only time a district court must "ignore" the law of the regional circuit in which it sits and apply the law of the Federal Circuit, is in deciding whether a claimant's asserted non-patent claims (e.g. trademark, trade dress or copyright claims) are preempted by patent law. Contrary to Petitioner's arguments, this will not create serious and irresolvable conflicts between the Circuits. Rather, the Federal Circuit's holding will minimize conflicts between the circuits, because the courts and litigants will be able to look to the law of a single court, the Federal Circuit, in deciding such issues, which in turn will promote uniformity in the law among all the Circuits.

Nor will the Federal Circuit's decision exacerbate the potential for forum shopping. If a claimant asserts patent claims along with non-patent claims, the case is appealable only to the Federal Circuit. If patent claims are not asserted, the case must be appealed to the regional circuit in which the district court sits. *See* 28 U.S.C. § 1295(a)(1); *see also Cable Electric Products v. Genmark, Inc.*, 775 F.2d 1015, 1032 (Fed. Cir. 1985) ("When patent claims are joined in the same case with other counts, the appeal of nonpatent counts accompanies the appeal of the patent count to this court. In such 'mixed cases' this avoids the bifurcation of appeals between the Federal Circuit and the regional circuit to which appeals from the district court of nonpatent counts would otherwise be directed."), *overruled on other grounds by*, *Midwest Industries*, 175 F.3d 1356 (Fed. Cir. 1999). Furthermore, the existing statutes controlling the federal court's jurisdiction and venue over such causes of action remain to prevent or minimize the type of forum shopping which Petitioner alleges will occur in light of the Federal Circuits holding. *See* 28 U.S.C. §§ 1331, 1338, 1391, 1400 and 1404.

Accordingly, the Federal Circuit's holding with respect to the choice-of-law it will apply when deciding whether patent law preempts non-patent claims is not only consistent with its federal mandate and its prior precedent on similar issues, but will promote uniformity of the law among the circuits and will not encourage forum shopping. As such, Petitioner's second question for review does not warrant review by this Court.

CONCLUSION

For the foregoing reasons, there is no cause for this Court's review of the questions presented by the Petitioner and therefore the petition should be denied.

Respectfully submitted,

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